

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6042

BILL NUMBER: SB 213

DATE PREPARED: Oct 28, 1998

BILL AMENDED:

SUBJECT: County option fees for natural resources properties.

FISCAL ANALYST: Brian Tabor

PHONE NUMBER: 233-9456

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a county containing all or part of an Indiana state park, reservoir, forest, or recreation area to impose a recoupment fee on each motor vehicle that is admitted to the state park, reservoir, forest, or recreation area. It provides that the recoupment fee may not exceed \$1 per vehicle. It also requires the Department of Natural Resources (DNR) to collect the recoupment fees. The bill requires the recoupment fees to be used to assist the local unit of government that provides police protection, fire protection, emergency medical services, or road repairs. The bill also provides that a recoupment fee imposed by a county on motor vehicles admitted to a recreation facility that is under a lease arrangement with the United States Army Corps of Engineers must be approved by the United States Army Corps of Engineers before the recoupment fee is collected.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The DNR would require additional staffing to administer and track recoupment fees. Estimated costs for a staff person equivalent to a PAT V accountant are \$30,870 for FY 2000 and \$30,290 for FY 2001 (including salary, fringe benefits, and indirect costs).

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of September 30, 1998, the Division of State Parks had 1 full-time administrative vacancy. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The 24 state parks, 13 state forests, and 16 fish and wildlife areas under DNR's management are policed by state and local law enforcement. New revenues raised through the recoupment fee may augment local

sheriffs' budgets, reducing the workload of state police and conservation officers.

Explanation of State Revenues: Generally, the DNR experiences an initial decrease in sales, rental fees, and gate receipts when costs or fees are increased. The current park gate fee is \$2 for in-state visitors while the fee for out-of-state visitors is \$5. The proposal to impose a \$1 (maximum) recoupment fee could also affect the sale of annual passes. Visitors who purchase an annual pass will also be assessed the recoupment fee at the gate. The DNR sells approximately 55,000 annual passes each year. The annual pass costs \$18 for Indiana residents while out-of-state visitors pay \$25. Annual daily gate fees raised approximately \$2.7 million in 1997.

Gate fees were last increased in early 1987 by 33%, from \$1.50 to \$2.00 per car (out-of-state visitors did not pay a higher fee than in-state visitors in 1987). State park records for CY 1986 show a total gate revenue from all parks of \$1,374,527. Assuming that all the revenue was generated by vehicles (revenue generated from walk-in traffic is relatively minimal), an estimated 916,351 vehicles entered state parks and paid the daily fee.

Using the same method of estimation, 861,152 vehicles entered state parks and paid the daily fee in CY 1987. Although it is difficult to compare gate and annual pass revenues for DNR properties from year to year due to vagaries of weather, the economy, and other factors, the 1987 data reflect a decrease in vehicles paying the daily fee of 6% after the 33% price increase.

If the new recoupment fee is imposed at the maximum \$1 limit, entrance costs will increase by 50% for Indiana residents and 20% for out-of-state visitors. Given that a 33% increase may have reduced attendance by 6% when in-state and out-of-state fees were the same, the DNR could experience an initial decrease in attendance of roughly 10%. A 10% decrease would reduce gate revenue by approximately \$272,000, based on the \$2.7 million total gate fees collected in 1997. A 5% decrease is estimated for the second year, resulting in a revenue loss of \$136,000. In subsequent years the decrease would be offset by a return in visitation.

Fees collected from gate fees and annual passes are deposited into a dedicated state parks fund that is used for the maintenance of state parks and reservoirs.

As a point of information, the DNR's Division of State Parks and Reservoirs leases and manages eight reservoirs that are owned by the U.S. Army Corps of Engineers and one small state water project. The reservoirs for which the state has responsibility are maintained by the DNR solely for recreational use and fish and wildlife management. The eight reservoirs are Brookville, Hardy Lake, Huntington, Lieber, Mississinewa, Monroe, Patoka, Raccoon, and Salamonie.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local governments that provide police protection, fire protection, emergency medical services, and road repairs would be eligible to receive revenue from recoupment fees. In 1996-97, total reservoir and state park vehicle attendance totaled approximately 1,066,000. Assuming a 10% drop the first year, the estimated vehicle attendance would equal 960,000. Based on this figure, a \$1 recoupment fee would generate an estimated \$960,000. Local units would receive approximately \$480,000 for one-half of the first calendar year (due to the July 1 effective date). A 5% decline in the second year would generate an estimated \$1,012,700. An estimated \$1,066,000 would be generated in the third year, assuming a return to 1997 visitation levels.

State Agencies Affected: Department of Natural Resources.

Local Agencies Affected: Local units that provide police protection, fire protection, emergency medical services, and road repairs.

Information Sources: Jim Cassidy, State Parks and Reservoirs, DNR, (317) 232-4126; “Indiana’s Reservoirs: A Master Plan for the System”, Division of Outdoor Recreation, Planning and Environmental Review Section, 1986; Indiana 1997 Recreation Guide, DNR.